

20 YEAR OPERATING PRO FORMA
ROCKWOOD COTTAGES APARTMENTS
Using 50% & 60% Rents with 5 Year Phase-in

12/12/2012 Date
 20 Units
 R-3-13

PRE-TAX CASH FLOW ANALYSIS			Year No. & Date=									
Application #	Income Escalator	3.00%	1	2	3	4	5	6	7	8	9	10
	Expense Escalator	4.00%	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross Rent Potential			\$ 119,988	\$ 123,588	\$ 127,295	\$ 131,114	\$ 135,048	\$ 139,099	\$ 143,272	\$ 147,570	\$ 151,997	\$ 156,557
+ Interest Income			\$ 252	\$ 260	\$ 267	\$ 275	\$ 284	\$ 292	\$ 301	\$ 310	\$ 319	\$ 329
+ Other Income			\$ 484	\$ 499	\$ 513	\$ 529	\$ 545	\$ 561	\$ 578	\$ 595	\$ 613	\$ 632
= Gross Income or Rent			\$ 120,724	\$ 124,346	\$ 128,076	\$ 131,918	\$ 135,876	\$ 139,952	\$ 144,151	\$ 148,475	\$ 152,930	\$ 157,517
-- Loss to Lease (Current Residents)			\$ (7,884)	\$ (6,132)	\$ (4,380)	\$ (2,628)	\$ (876)					
-- Vacancy Allowance @	7.00%		\$ (8,399)	\$ (8,651)	\$ (8,911)	\$ (9,178)	\$ (9,453)	\$ (9,737)	\$ (10,029)	\$ (10,330)	\$ (10,640)	\$ (10,959)
= EFFECTIVE NET RENT			\$ 106,289	\$ 111,411	\$ 116,633	\$ 121,960	\$ 127,395	\$ 132,063	\$ 135,970	\$ 139,993	\$ 144,138	\$ 148,406
-- Operating Expenses			\$ (88,606)	\$ (92,150)	\$ (95,836)	\$ (99,670)	\$ (103,656)	\$ (107,803)	\$ (112,115)	\$ (116,599)	\$ (121,263)	\$ (126,114)
-- Net Non-rental Income (expenses)			\$ (5,770)	\$ (5,943)	\$ (6,121)	\$ (6,305)	\$ (6,494)	\$ (6,689)	\$ (6,890)	\$ (7,096)	\$ (7,309)	\$ (7,529)
-- Replacement Reserve Contribution			\$ (4,008)	\$ (4,168)	\$ (4,335)	\$ (4,508)	\$ (4,689)	\$ (4,876)	\$ (5,071)	\$ (5,274)	\$ (5,485)	\$ (5,705)
-- Capital Improvements (Shortfall)			\$ (40,000)	\$ (30,000)								
= NET OPERATING INCOME			\$ (32,095)	\$ (20,851)	\$ 10,341	\$ 11,477	\$ 12,555	\$ 12,695	\$ 11,894	\$ 11,023	\$ 10,080	\$ 9,059
-- Debt Service (4. Local Government Loans)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Debt Service (5. Other Loan)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
= NET RENTAL CASH FLOW AVAILABLE			\$ (32,095)	\$ (20,851)	\$ 10,341	\$ 11,477	\$ 12,555	\$ 12,695	\$ 11,894	\$ 11,023	\$ 10,080	\$ 9,059
-- Other			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
= FINAL CASH FLOW AVAILABLE			\$ (32,095)	\$ (20,851)	\$ 10,341	\$ 11,477	\$ 12,555	\$ 12,695	\$ 11,894	\$ 11,023	\$ 10,080	\$ 9,059

FOR YEARS 1-6 Effective immediately assume a new 50% City Income Limit AND apply a higher 50% City Rent Limit for all new Applicants for 6 one-bedroom units.
 50% Rents for this pro forma are \$446 for the six (6) 1-BR units affected by the proposed rent level change. All others remain as before.
 Six current residents pay \$300-309 (1BRs) in 2013 with annual increases limited thereafter to \$15 per year. (The rental loss is shown above as "Loss to Lease".)
 Assume 1 existing resident per year moves out. After 6 years all residents will be paying the higher rent specified.

FOR YEAR 1 This pro forma sets the Project's GRP at 50% Rents with a "Loss to Lease" adjustment for current residents at lower rent levels until they phase out.
 FOR YEAR 1 This pro forma uses the Project's "Prior Three Year Average" figures for all expense categories.

FOR YEARS 1-2 This pro forma assumes Capital Expenses needed in years 1 and 2 from non-reserve sources.
 FOR YEARS 1-20 Vacancy Allowance is assumed to be SEVEN PERCENT (7.0%) of the Yearly Gross Rent.
 FOR YEARS 2-20 An Annual Income Escalator of THREE PERCENT (3%) and an annual Expense Escalator of FOUR PERCENT (4.0%) are applied annually.

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PRE-TAX CASH FLOW ANALYSIS			Year No. & Date=											
: Application #	Income Escalator	3.00%	11	12	13	14	15	16	17	18	19	20		
	Expense Escalator	4.00%	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
Gross Rent Potential			\$ 161,254	\$ 166,091	\$ 171,074	\$ 176,206	\$ 181,493	\$ 186,937	\$ 192,546	\$ 198,322	\$ 204,272	\$ 210,400		
+ Interest Income			\$ 339	\$ 349	\$ 359	\$ 370	\$ 381	\$ 393	\$ 404	\$ 417	\$ 429	\$ 442		
+ Other Income			\$ 650	\$ 670	\$ 690	\$ 711	\$ 732	\$ 754	\$ 777	\$ 800	\$ 824	\$ 849		
= Gross Income or Rent			\$ 162,243	\$ 167,110	\$ 172,124	\$ 177,287	\$ 182,606	\$ 188,084	\$ 193,727	\$ 199,538	\$ 205,525	\$ 211,690		
-- Loss to Lease (Current Residents)			\$ (11,288)	\$ (11,626)	\$ (11,975)	\$ (12,334)	\$ (12,704)	\$ (13,086)	\$ (13,478)	\$ (13,883)	\$ (14,299)	\$ (14,728)		
-- Vacancy Allowance @		7.00%	\$ 152,803	\$ 157,332	\$ 161,996	\$ 166,801	\$ 171,749	\$ 176,846	\$ 182,096	\$ 187,504	\$ 193,074	\$ 198,810		
= EFFECTIVE NET RENT			\$ (131,159)	\$ (136,405)	\$ (141,861)	\$ (147,536)	\$ (153,437)	\$ (159,574)	\$ (165,957)	\$ (172,596)	\$ (179,499)	\$ (186,679)		
-- Operating Expenses			\$ (7,830)	\$ (8,143)	\$ (8,469)	\$ (8,807)	\$ (9,160)	\$ (9,526)	\$ (9,907)	\$ (10,303)	\$ (10,715)	\$ (11,144)		
-- Net Non-rental income (expenses)			\$ (5,933)	\$ (6,170)	\$ (6,417)	\$ (6,674)	\$ (6,941)	\$ (7,218)	\$ (7,507)	\$ (7,807)	\$ (8,119)	\$ (8,444)		
-- Replacement Reserve														
-- Capital Improvements (Shortfall)														
= NET OPERATING INCOME			\$ 7,882	\$ 6,614	\$ 5,250	\$ 3,784	\$ 2,212	\$ 528	\$ (1,275)	\$ (3,202)	\$ (5,261)	\$ (7,458)		
-- Debt Service (4. Local Government Loans)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
-- Debt Service (5. Other Loan)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Debt Service			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
= NET RENTAL CASH FLOW AVAILABLE			\$ 7,882	\$ 6,614	\$ 5,250	\$ 3,784	\$ 2,212	\$ 528	\$ (1,275)	\$ (3,202)	\$ (5,261)	\$ (7,458)		
-- Other			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
= FINAL CASH FLOW AVAILABLE			\$ 7,882	\$ 6,614	\$ 5,250	\$ 3,784	\$ 2,212	\$ 528	\$ (1,275)	\$ (3,202)	\$ (5,261)	\$ (7,458)		

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